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**THREE SENTENCED TO PRISON TERMS IN MASSIVE \$700 MILLION
INTERNATIONAL METALS TRADING BANK FRAUD
AND MONEY LAUNDERING SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York and PASQUALE D'AMURO, the Assistant Director In Charge of the New York Field Office of the FBI, announced the sentencing in Manhattan federal court earlier today of three defendants - JOSIELYNN SALUMBIDES, a/k/a "Lynn Salumbides," MANOJ NIJHAWAN, and KAUSHIK AMIN - for their participation in a sophisticated international scheme to defraud banks worldwide (including J.P. Morgan Chase & Co., Fleet National Bank, PNC Bank, N.A., KBC Bank, N.V., Hypo Vereins Bank, N.A., Dresdner Bank Lateinamerika AG, China Trust Bank, and General Bank) of approximately \$700 million, and to launder the fraudulently obtained money, in connection with hundreds of sham brokered metals transactions.

SALUMBIDES was sentenced to 63 months' imprisonment and was ordered to pay restitution of \$683,632,800.23. NIJHAWAN was

sentenced to 41 months' imprisonment and also was ordered to pay restitution of \$683,632,800.23. Finally, AMIN was sentenced to 18 months' imprisonment and was ordered to pay restitution of \$2,211,858. Defendants SALUMBIDES and NIJHAWAN were convicted in May 2004 by a jury after a three and one-half week trial before United States District Judge Richard M. Berman, together with defendants HENRY CHU, NAINA CHITRODA and ASHOK SHAH. Defendant AMIN pleaded guilty before trial.

Nine other participants in the scheme previously pleaded guilty: NARENDRA KUMAR RASTOGI, ANIL ANAND, JASPREET BASRA, a/k/a "Soniya," UMESH MEISURIA, PRAVEEN SHARMA, SHAZIA SATTAR, a/k/a "Shazi Sattar," AMIT NANGIA, and UDHAY SHANKAR BALAKRISHNA, a/k/a "Udhay Shankar." Of these defendants, MEISURIA, SHARMA, NANGIA and BALAKRISHNA were sentenced at earlier dates.

Trial defendants HENRY CHU, NAINA CHITRODA and ASHOK SHAH are scheduled to be sentenced on November 3, 2004.

The evidence at trial established that the defendants were involved in a far-reaching scheme to defraud a number of major U.S. and foreign banks by fraudulently inducing them to issue hundreds of millions of dollars in loans. Allied Deals, Inc., Hampton Lane, Inc., SAI Commodity in the United States and RBG Resources in the United Kingdom (collectively, the "Allied Deals companies") purported to be in the business of brokering

trades in non-ferrous metals. The Allied Deals companies were controlled by NARENDRA KUMAR RASTOGI in the United States and his brother VIRENDRA RASTOGI in the United Kingdom.

As part of their business, the Allied Deals companies purportedly would arrange for metal sales between arms-length buyers and sellers of metal. Purportedly to finance those metals sales, the defendants then would arrange for loans with banks, which loans usually were to be repaid after 180 days. As collateral for the loans, the banks relied on Allied Deals's accounts receivables - that is, the money that Allied Deals was due from the purported customers for the purported metal transactions - expecting that the loans would get repaid when the purported customers repaid Allied Deals for the metal that had been purchased.

The evidence at trial established that the hundreds, if not thousands, of metal transactions upon which the loans were based simply did not exist. The evidence showed that the defendants in fact had set up and controlled an elaborate network of hundreds of sham, nominee companies around the world (which they called "group companies") to serve as sham purchasers of metal from Allied Deals, so that the defendants then could get loans from the victim banks, purportedly to finance the metal transactions with the sham customers.

The evidence showed that, among other things, the

defendants and their co-conspirators used loan proceeds from one victim bank to make the loan payments required by another victim bank, while concealing that the newly issued loans were not being used to fund actual, arms-length metal transactions (contrary to the purported purposes of the loan) and that the money used to pay off the loans had not been provided by the buyers of metal in bank-financed sales.

The evidence at trial detailed, among other things, the extraordinary efforts by the defendants to create a facade that sham, controlled customers were in fact real, independent metals companies with actual employees and offices and with no ownership or control relationship with the defendants. Among other things, the defendants, many of whom were Allied Deals customers, established offices and phone lines for the sham companies, arranged for fake letterhead and bank accounts, and were prepared to field calls from bankers or auditors. The evidence at trial established that defendants HENRY CHU, JOSIELYNN SALMUBIDES, NAINA CHITRODA, and ASHOK SHAH helped establish and maintain a number of these sham customers in the United States.

To further the scheme, the co-conspirators also went to great efforts to establish fake credit histories for the sham customers. Among other things, they established a fake credit reporting agency, which then would generate false credit reports attesting to the credit-worthiness of the sham companies. These

credit reports then were kept in a series of "credit files" that Allied Deals maintained for each of its sham customers, which files could be used to show to banks and/or auditors to further the facade that the so-called customers were real. Defendant MANOJ NIJHAWAN, among other things, had responsibility over maintaining and updating these sham customer credit files.

The evidence at trial also established that the defendants furthered the scheme by forging many of the documents that the banks required in order to obtain loans. For example, the documentation department of Allied Deals, headed by defendant NAINA CHITRODA, would create fake purchase contracts in-house at Allied Deals's office in New Jersey, cut and paste a signature for the purported customer, and then fax the document between fax machines at Allied Deals, in order to make it appear that the document had come from overseas. The evidence also established that CHITRODA and defendant JOSIELYNN SALUMBIDES routinely forged such key shipping documents as steamship line bills of lading, and Chamber of Commerce certificates of origin.

The evidence at trial established that the defendants repeatedly would ship the same metal between multiple customers at different ports around the world, using each purported metal transaction to support an additional loan. To increase the

declared value of the metal being shipped (and the amount of each loan), JOSIELYNN SALUMBIDES, who was in charge of shipping for Allied Deals, also would falsely represent on the bill of lading the type of metal in a particular container - stating, for example, that a particular container contained an expensive metal, such as cobalt, when it in fact contained a cheaper metal, such as lead. The defendants also would use the same collateral for two different loans by submitting purportedly "original" bills of lading to more than one bank.

The evidence also established that, in the Spring of 2002, several of the defendants in the United States were assigned the task of fielding telephone calls from auditors or bankers, while posing as a representative of one or more of the sham companies in the United States. To facilitate this effort, the co-conspirators obtained a number of cellular telephones, each of which was assigned to a particular sham company. A number of the defendants - including SALUMBIDES - then fielded calls from bankers, falsely assuring them that the amounts due would be repaid.

CHU, SALUMBIDES, CHITRODA, NIJHAWAN, and SHAH were all found guilty of conspiracy to commit bank fraud, mail fraud, and wire fraud and conspiracy to commit money laundering, and

conspiracy to commit money laundering. Defendant SALUMBIDES also was found guilty of bank fraud.

Two of the defendants, GAYA GAYATRINATH and NIKHIL RASTOGI, remain at large.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in this case.

Assistant United States Attorney MARCUS A. ASNER is in charge of the prosecution.

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